



Comparative study: International chain and local chain hotel COVID-19 readiness strategies in Indonesia

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Abstract: The global hospitality and tourism industry has been severely impacted by the spread of COVID-19 and large-scale travel restrictions. Due to the nature of the crisis of COVID-19, Hotel businesses in Indonesia need to adapting many new strategies in response to the evolving circumstances. This study presents a comparative coronavirus readiness strategy at International Chain Hotel and Local Hotel in Indonesia and their impacts on hotel guests' trust and satisfaction. The study used quantitative approaches by using an online survey to obtain data from a total of 400 participants. The data were collected from respondents that have been stayed in both the International Chain hotel or Local Chain Hotel in Indonesia during pandemics. The data collected is analyzed using Structural Equation Modeling (SEM) with Smart PLS statistical software. The findings from this dataset show that both local and international hotel readiness had a significant effect on customer trust and satisfaction with COVID-19 readiness in the hotel industry.

Keywords: COVID-19, hotel chain, hotel readiness, customer satisfaction, customer trusts.

1. Introduction

The COVID-19 outbreak has impacted the global hospitality and tourism industry. The travel restrictions, government regulations, and tourists are more aware of a high level of risk when traveling for tourism purposes (Awan & Shamim, 2020). The hotel business conditions had dropped dramatically, however, it slowly showing improvement along with loosening travel restrictions provided by the Government to the community. The figure then dropped again coinciding with the implementation of Large-Scale Social Restrictions by the Government (Azanella, 2020).

Both international chain and local chain hotels are attempting to maintain relationships with key constituencies while focusing on an organization's survival during a crisis. In response to the evolving COVID-19 crisis, the hospitality industry is implementing a many new strategies. Significant changes are brought about by restructuring and downsizing of workers (Hao, Xiao, & Chon, 2020);

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the efficiencies of operational cost and tight budgeting (Hotel Business, 2020); drastic operational changes, including changes in service delivery methods (Alonso, et al., 2020); adoption of new technology (Baum, Mooney, Robinson, & Solnet, 2020); and compliance with new health protocols, hygiene and safety standards (Sigala, 2020).

People were obliged to live differently as a result of the pandemic; a lifestyle adjustment included social isolation or social distancing and working from home (Ratten, 2020). This situation is referred to as the 'New Normal,' which is described as the situation during and/or after a pandemic in which health protocols are made essential in all facets of daily human activities. In addition to the government's decisions, the majority of large corporations have a special involvement in supporting national economies and consumer welfare (Fadel, Descatha, & Salomon, 2020). Businesses particularly those in the service industry; such as hospitality businesses are striving to provide excellent service in order to retain the existing customers and attract new ones. However, due to the uncertain nature of the COVID-19 pandemic, being able to keep up with the excellent service is more complicated than before (Tarki, Levy, & Weiss, 2020).

This paper measures hotels' responses to the pandemic with several new dimensions and compared between the local chain and international chain hotel. International chain hotels and local chains have a different approach to readiness strategies, which brings into the differentiation of how the guest will be satisfied. In general, guest attachment to an international hotel brand brings more international demand, meanwhile local hotel chains are considered for their adaptability to local business conditions (Ribaud, Moccia, Orero-Blat, & Palacios-Marqués, 2020). Previous research on the effects of COVID-19 readiness strategies at F&B stores in Jakarta found that customer satisfaction mediates the relationship between store readiness and the creation of trust. Customers were pleased with the new operational changes implemented by F&B stores that are required to follow health protocols (Veronica, Prabowo, Manurung, & Hamsal, 2020).

2. Literature review

Many studies have been done about hotel and hospitality industry sector strategies in Indonesia during pandemic of COVID-19. Study found by Situmorang and Japutra (2021), repercussions and challenges in hospitality industry during COVID-19 could turn into opportunities, however, the readiness strategies deployed by hotel managers could be detrimental in the future. Further, according to Ardani and Harianto (2021) to survive the crisis, hospitality business has to be aware with the government regulations, maintaining their human capital, creating innovation program and maintaining and developing networks. Many of the research focused on the readiness strategies from the management perspective, so this study sought to provide empirical research focusing on hotel' attempts to generate customer satisfaction in order to regain customer trust, in addition both for local and international chain hotel in Indonesia.

2.1. Hotel readiness

Hospitality companies especially Hotel industries are forced to change their operating strategies when crises situations such as the pandemic of COVID-19 happened. These pandemics raise the level of uncertainty and necessitate quick responses to avoid negative consequences (Ritchie & Jiang, 2019). However, the previous study showed that the hospitality industry is lacking preparation for a crisis (Bremser, Alonso-Almeida, & Llach, 2018), due to a lack of adequate resources (Mat Som & Wang, 2014); as well as lack of knowledge and experience regarding how to act in such situation (Okumus & Karamustafa, 2005; Richie, 2008)

Following the previous study, the term 'readiness' refers to any state of circumstances in which a company or an organization must be prepared and ready to accomplish (Veronica, Prabowo, Manurung, & Hamsal, 2020). Therefore, Hotel COVID-19 readiness is the situation where the hotel is adhering to the health protocols published both by the government and World Health Organizations. The previous study in the retail store industry in South Africa also showed that when the store is sanitized their entrances, counters and shelves had a significant effect on customer satisfaction with the COVID-19 readiness of retail stores (Rukuni & Maziriri, 2020).

2.2. Customer satisfaction

Customer satisfaction is a metric that measures the gap between visitors' expectations and their evaluation after consumption (Nunkoo, Teeroovengaduma, Ringle, & Sunnasse, 2020). Customer satisfaction is a key measure for long-term organizational success (Anderson & Mittal, 2000). It indicates the degree to which customers perceive that the firm's products and services are

meeting their needs on a regular basis (Anderson & Srinivasan, 2003). According to the previous study, overall satisfaction is a better predictor of a company's past, current, and future performance. (Wang & Lo, 2003). The relationship between Hotel readiness and customer satisfaction is important to be addressed, as is practitioners' understanding various changes in customer perspective while staying at the Hotel during a pandemic situation (Rukuni & Maziriri, 2020).

2.3. Customer trusts

Guests Loyalty, commitment, cooperation, competitive advantage, and high turnover are all associated with guest trust in an organization (Veronica, Prabowo, Manurung, & Hamsal, 2020). Based on a previous study, it is stated that customer trust is positively impacted brand loyalty and satisfaction itself affects trust (Song, Wang, & Han, 2019). Guest trust in the hotel they stay in is especially important in the pandemic situation, where there are compulsory health protocols in terms of hygiene and social distancing. Furthermore, in order to gain the trust of customers, they must first be satisfied. Guest trust is becoming increasingly important, particularly in times of high uncertainty, such as the COVID-19 Pandemic. A guest who has faith in a particular hotel brand will have a favorable attitude toward that brand. This trust may lead to the purchase of products or services and the development of brand loyalty (Aydin & Özer, 2005; Sarwar, Abbasi, & Pervaiz, 2012).

Therefore, the hypothesis for this study are as follows:

Ho1: Local Hotel Chain Customer Satisfaction positively impacts Customer Trust.

Ho2: International Hotel Chain Customer Satisfaction positively impacts Customer Trust.

Ho3: Local Hotel Chain Readiness positively impacts Customer Satisfaction.

Ho4: International Hotel Chain Readiness positively impacts Customer Satisfaction.

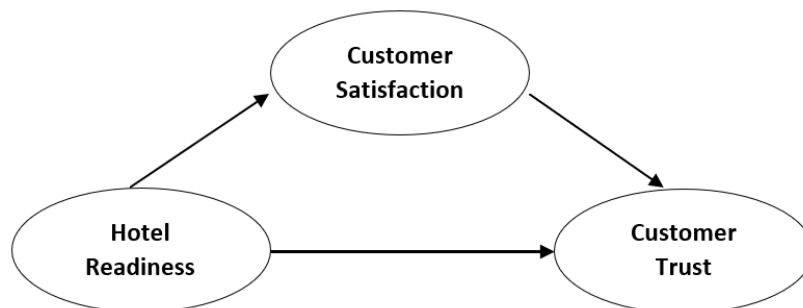
Ho5: Local Hotel Chain Readiness positively impacts Customer Trust.

Ho6: International Hotel Chain Readiness positively impacts Customer Trust.

Ho7: Customer Satisfaction significantly mediates the relationship between Local Chain Hotel readiness and Customer Trust

Ho8: Customer Satisfaction significantly mediates the relationship between International Chain Hotel readiness and Customer Trust

Figure 1: Research framework



3. Research methodology and data

The research methodology used to conduct quantitative research was by distributing online questionnaires through email in the second and third quarters of 2021. The survey was sent to people that have experienced staying at the hotel, either local or international chain during the pandemic. The questionnaire consists of 23 questions: 7 questions about demographic factors and 16 variable questions using a Likert scale with the anchors of 1 (strongly disagree) to scale 5 (strongly agree). Since the focus of this study was hotel readiness strategies in new normal, respondents were asked whether they had stayed at the hotel in the pandemic era before they could proceed to the answer next questions in the survey. This study analysed in total 400 questionnaires, 200 respondents on each local or international hotel chain. This study was tested using Structural Equation Modelling (SEM) using software Smart PLS 3.

Table 1: Measurement table

Construct	Measurement	Items
Hotel Readiness (Rukuni & Maziriri, 2020)	Sanitized Entrances	Local/International Hotel Chain has shown sanitized entrances and lobby.
	Sanitized Counters	Local/International Hotel Chain has shown sanitized reception counters.
	Sanitized Furniture	Local/International Hotel Chain has shown sanitized furniture in public areas (tables, chairs, and sofas.)
	Social Distancing	Local/International Hotel Chain has shown sanitized high contact area (door handles, restroom, elevator buttons, stair railings, restaurant, etc.)
Customer Satisfaction (Alshibly, 2015)	Mask and Temperature	Local/International Hotel Chain has shown sanitized Guestrooms. Local/International Hotel Chain always makes sure to implement social distancing inside the hotel public area. Local/International Hotel Chain makes sure their visitors have a mask on and have their temperature checked.
	Expectation	The overall performance of the Local/International Hotel Chain meets customers' expectations during the new normal.
	Product and Services	I am Satisfied with the products and services offered in the Local/International Hotel Chain during my stay in the new normal.
	Experiences	I made especially good experiences in this Local/International Hotel Chain during the new normal.
Customer Trust (Kim & Park, 2013)	Needs	This Local/International Hotel Chain offers exactly what customers need during the new normal.
	Performance	I feel satisfied with the Local/International Hotel Chain Performance during the new normal.
	Impression of hotel promises	This Local/International Hotel Chain gives the impression that they keep promises to always keep their hotel clean and sanitized during new normal.
	Good Interest	I believe Local/International Hotel Chain still has my best interest to stay during new normal.
Customer Trust (Kim & Park, 2013)	Community Trustworthiness	I feel safe to stay in Local/International Hotel Chain during the new normal.
	Hotel Trustworthiness	Overall Local/International Hotel Chain is still trustworthy during new normal

4. Result and discussion

The demographics confirmed that the responses included in the analysis were solely from individuals who had at least once visited a local or international hotel chain during the implementation of the new normal at the time of the survey. The demographic makeup of the respondents who stayed in local chain hotels during a pandemic are as follows: Male (39%), Female (62%), 18-24 years old (69%), 25-35 years old (21%), 36-45 years old (10%), Single (80%), Married (21%), Domicile in Jakarta (21%), Tangerang (23%), Bandung/Bogor (11%), Surabaya (5%), Bali (9%), Palembang (26%) and others (7%). On the other hand, the demographic of the respondents who stayed in international hotel chains during a pandemic are as follows: Male (46%), Female (55%), 18-24 years old (55%), 25-35 years old (27%), 36-45 years old (19%), Single (67%), Married (32%), Divorced/Widowed (2%), Domicile in Jakarta (29%), Tangerang (34%), Bandung/Bogor (9%), Surabaya (6%), Bali (8%), Palembang (13%) and others (3%).

The majority of respondents chooses Santika Group brands (44%) as their local hotel chain preferences to stay during the pandemic, meanwhile, the respondents who stayed in international hotel chains mostly prefer to stay in Accor Group Hotels (29%) during the pandemic. Both international and local chain hotel respondents were staying mostly in Java island (40%) and *Kepulauan Sunda Kecil* (NTB, NTT, Bali) for 29%. The respondents' reason to stay during pandemics is mostly for holiday/staycation with 61% for local chain hotels and 66% for international chain hotel respondents. (See Appendix 1, 2: Table 2, 3)

Table 4: Convergent validity and reliability

Variables	No. of indicators	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Local Chain Hotel					
Customer Satisfaction	5	0.899	0.900	0.926	0.713
Customer Trusts	4	0.848	0.850	0.897	0.686
Hotel Readiness	7	0.894	0.896	0.917	0.612
International Chain Hotel					
Customer Satisfaction	5	0.869	0.870	0.905	0.657
Customer Trusts	4	0.862	0.863	0.907	0.708
Hotel Readiness	7	0.882	0.889	0.909	0.590

The determine the convergent validity of the measurement items in this study, the outer loadings of each indicator and average variance extracted (AVE) were evaluated (Fornell & Larcker, 1981). According to Roldán & Sánchez-Franco (2012), AVE values should be greater than 0.50. Table 4 shows all the variables above 0.50, thus indicate an adequate convergent validity measurement.

Internal consistency reliability is then determined by assessing the value of Composite Reliability (CR) (Kamis, et al., 2020). CR scores need to be greater than 0.7 to ensure acceptable internal consistency (Hair Jr, Hult, Ringle, & Sarstedt, 2016; Gefen, Straub, & Boudreau, 2000). As appeared in Table 4, all values are above the minimum. Moreover, Cronbach's Alpha greater than 0.7 is also a unit of measurement of the reliability of items (Nunnally & Bernstein, 1994). The Cronbach alpha values ranged from 0.848 – 0.926; proving the scores are accepted.

Table 5: Discriminant validity for local chain hotel

Fornell-Larcker Criterion

	Customer Satisfaction	Customer Trust	Hotel Readiness
Customer Satisfaction	0.844		
Customer Trust	0.824	0.828	
Hotel Readiness	0.746	0.779	0.782

Table 6: Discriminant validity for international chain hotel

Fornell-Larcker Criterion

	Customer Satisfaction	Customer Trust	Hotel Readiness
Customer Satisfaction	0.810		
Customer Trust	0.838	0.842	
Hotel Readiness	0.725	0.693	0.768

The Discriminant Validity in Tables 5 and 6 compare the AVE square root value with the construct correlation value (Hair Jr, Hult, Ringle, & Sarstedt, 2016). Based on the value analysis, the results are acceptable. These values depicted the proposed research question with the research framework's validity (Kamis, et al., 2020). Cross loading analysis is then used to execute the correlations among the constructs values and the indicator standardised data (Gefen & Straub, 2005). The results are shown in Tables 7 and 8 (Appendix 3 and 4). The cross-loading values demonstrate the validity of the measurement model. Table 9 and Figure 2 show the results of the hypothesis assessment for both local chain hotels and international chain hotels.

Figure 2: Structural model (Bootstrap)



5. Discussion

The path coefficients identified the variables that are significantly affected. Table 9 shows that hotel readiness has the strongest effect on customer satisfaction (H3, H4) both for local chain (0.746) and international chain hotels (0.725) followed by the effect of customer satisfaction on customer trusts (H1, H2) for both local chain (0.548) and international chain hotel (0.708). This finding aligns with the findings of previous studies in a retail store in Africa that show a positive correlation between store readiness to customer satisfaction and also customer satisfaction (CS) has a significant and positive impact on customer trust (Rukuni & Maziriri, 2020; Veronica, Prabowo, Manurung, & Hamsal, 2020). Hotel readiness positively affected customer trust (H5, H6) for both local chain (0.370) and international chain hotels (0.181). In contrast, a previous study in a retail store during a pandemic showed that retail store readiness (RSR) has no significant impact on customer trust (Veronica, Prabowo, Manurung, & Hamsal, 2020). Further, customer satisfaction significantly

mediates the relationship between hotel readiness and customer trust, both on local chain hotel (0.409) and international chain hotel (0.513) that show the hypothesis 7 and 8 are accepted.

Table 9: Path Coefficients

	Beta	T Values	P Values	Results
Local Chain Hotel				
Customer Satisfaction > Customer Trusts	0.548	5.735	0.000	significant
Hotel Readiness > Customer Satisfaction	0.746	15.611	0.000	significant
Hotel Readiness > Customer Trusts	0.370	3.355	0.001	significant
Hotel Readiness > Customer Satisfaction > Customer Trusts	0.409	4.586	0.000	significant
International Chain Hotel				
Customer Satisfaction > Customer Trusts	0.708	11.037	0.000	significant
Hotel Readiness > Customer Satisfaction	0.725	17.523	0.000	significant
Hotel Readiness > Customer Trusts	0.181	2.465	0.014	significant
Hotel Readiness > Customer Satisfaction > Customer Trusts	0.513	8.659	0.000	significant

The results of the study showed all hypotheses are positive and significant. However, between local hotel chains and international hotel chains, there is a relationship between variables that stronger than the others. In international hotel chains, the relations between hotel readiness and customer satisfaction and customer satisfaction to customer trust have higher significance value comparing to local hotel chains. On the other hand, local hotel chains showed that hotel readiness to customer trusts has more significant value than the international hotel chain.

Further, to answer the research question, this study calculated the R squares (R^2) of the research model. The R^2 of customer trust with local chain hotels is 0.740, which indicates that the variation can be accounted for 74%. Meanwhile, the R^2 of the customer satisfaction with local chain hotel variable is 0.557 or 56%. On the other hand, the R^2 of customer trusts with international chain hotels is 0.716 or 71%, and the customer satisfaction with the international chain hotel is 0.530 or 53%. This indicates that the merged essence of Expectation Disconfirmation Theory, Technology Acceptance Model, and Service Interaction successfully explains the Model for online learning satisfaction and e-loyalty.

6. Conclusions and recommendations

COVID-19's study of hotel chain readiness strategies reveals a novel research perspective in the event of a pandemic from the customer's point of view. This study attempts to provide an empirical study concentrating on the hotel industry's efforts to generate customer satisfaction to acquire customer trust. Even though the hotel industry showed a decrease in occupancy rate and having additional costs associated with providing health protocols, hotel industries must cope during this difficult period to survive. According to the findings, the guests' satisfaction mediates the relationship between hotel readiness and the formation of trusts.

The research findings in this study may be useful and provide insights for the hotel managers in order to build trust among guests. Further, the hotel readiness strategies must be met by the hotel and aligned with the government regulations. Hotel managers may consider new concepts in service delivery and modify standard operating procedures to comply with the new rules. This study could be evidence of how society especially young adults to travel domestically or across cities during the pandemic for a holiday or work-related activities, in contrast with the government regulation related to the tourism and travel restrictions. This situation shown could be used as a future study in terms of consumer behavior in the hotel industry during pandemic situations.

Moreover, forthcoming research should harness the qualitative aspects from hotel industry perspective, to estimate the future possibilities of hotel strategies to overcome difficult situation such as pandemics and gain further customer trusts. In addition, many of previous study are focusing more in retail store, therefore, it would be worthwhile to examine the strategies from the hotel industry.

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Appendix

Appendix 1

Table 2: Demographics of subjects in local chain hotel (N=200)

Variable	Category	Frequencies	Percentages (%)	
Gender	Male	77	39%	
	Female	123	62%	
Age Group	18-24 years old	138	69%	
	25-35 years old	42	21%	
	36-45 years old	20	10.0%	
Marital Status	Single	159	80%	
	Married	41	21%	
	Divorced/Widowed	0	0%	
Domicile	Jakarta	41	21%	
	Tangerang	46	23%	
	Bandung/Bogor	21	11%	
	Surabaya	9	5%	
	Bali	18	9%	
	Palembang	51	26%	
	Others	14	7%	
Local Hotel Chain Group	Santika Group (Amaris, Santika, Santika Premiere, Ayana)	87	44%	
	Aryaduta Hotels	5	3%	
Preferences	Hotel Tentrem Group (Tentrem, Chanti)	6	3%	
	The Alts	14	7%	
	Padma Hotels (Padma hotel, Padma Resort)	5	3%	
	Parador Hotel & Resorts (Atria, Ara, Fame, Starlet, Fame)	14	7%	
	Kagum Hotels (Serela, Zodiak)	6	3%	
	PHM Hotels (The 101, The Haven)	9	5%	
	Others	54	27%	
	Location of Staying	Java Island	93	47%
		Sumatra Island	46	23%
Kalimantan Island		3	2%	
Sulawesi Island		1	1%	
Kepulauan Sunda Kecil (NTB, NTT, Bali, etc)		57	29%	
Reason to Stay	Work-related Stay/Business Trip	25	13%	
	Family Events (Wedding, Visiting Relatives, etc.)	51	26%	
	Holiday/Staycation	121	61%	
	Others	3	2%	

Appendix 2

Table 3: Demographics of Subjects in International Chain Hotel (N=200)

Variable	Category	Frequencies	Percentages (%)
Gender	Male	91	46%
	Female	109	55%
Age Group	18-24 years old	110	55%
	25-35 years old	53	27%
	36-45 years old	37	19%
Marital Status	Single	133	67%
	Married	64	32%
	Divorced/Widowed	3	2%
Domicile	Jakarta	58	29%
	Tangerang	68	34%
	Bandung/Bogor	17	9%
	Surabaya	11	6%
	Bali	16	8%
	Palembang	25	13%
	Others	5	3%
International Chain Preferences	Hotel Group Archipelago International (Aston, Fave, Alana)	19	10%
	Marriot International (Ritz Carlton, St. Regis, W Hotels, JW Marriot, Renaissance, Westin, Sheraton, Le Meredien)	54	27%
	Accor Group (Mercure, Raffles, Sofitel, Pullman, Swissotel, Novotel, Ibis, Fairmont)	58	29%
	Wyndham Hotel and Resorts (Wyndham, Ramada)	7	4%
	Interncontinental Hotel Groups (Intercontinental, Indigo, Crowne Plaza)	11	6%
	Kempinski Hotels (Hotel Indonesia Kempinski, Apurva Kempinski)	11	6%
	Others	40	20%
	Location of Staying	Java Island	93
Sumatra Island	46	23%	
Kalimantan Island	3	2%	
Sulawesi Island	0	0%	
Kepulauan Sunda Kecil (NTB, NTT, Bali, etc)	58	29%	
Reason to Stay	Work-related Stay/Business Trip	25	13%
	Family Events (Wedding, Visiting Relatives, etc.)	44	22%
	Holiday/Staycation	128	64%
	Others	3	2%

Appendix 3

Table 7: Cross loading for local chain hotels

	Customer Satisfaction	Customer Trust	Hotel Readiness
CS1	0.872	0.715	0.664
CS2	0.838	0.669	0.620
CS3	0.858	0.670	0.682
CS4	0.822	0.715	0.588
CS5	0.831	0.710	0.595
CT1	0.741	0.830	0.685
CT2	0.705	0.819	0.645
CT3	0.591	0.813	0.621
CT4	0.680	0.850	0.625
HR2	0.623	0.647	0.845
HR3	0.565	0.637	0.816
HR4	0.525	0.558	0.758
HR5	0.596	0.610	0.761
HR6	0.625	0.651	0.796
HR7	0.593	0.567	0.758
HR1	0.551	0.586	0.735

Appendix 4

Table 8: Cross loading for international hotel chain

	Customer Satisfaction	Customer Trust	Hotel Readiness
CS1	0.775	0.666	0.549
CS2	0.842	0.691	0.623
CS3	0.822	0.696	0.530
CS4	0.828	0.695	0.618
CS5	0.782	0.649	0.612
CT1	0.689	0.792	0.605
CT2	0.710	0.862	0.540
CT3	0.715	0.868	0.614
CT4	0.708	0.842	0.574
HR2	0.493	0.494	0.785
HR3	0.585	0.561	0.813
HR4	0.604	0.590	0.856
HR5	0.628	0.592	0.840
HR6	0.493	0.454	0.691
HR7	0.490	0.431	0.652
HR1	0.577	0.572	0.716



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